



State of California

# Employment Training Panel

Arnold Schwarzenegger, Governor

May 21, 2009

Al Parker, Director of Quality  
The Boeing Company (Boeing)  
2401 East Wardlow Road, MC C054-0069  
Huntington Beach, CA 92647-2048

Dear Mr. Parker:

RE: FINAL MONITORING REPORT for THE BOEING COMPANY (ET07-0290)

<b>Date of the Visit:</b>	3/26/09 (on-site); 4/22/09 (desk review); 5/21/09 (telephone)
<b>Beginning/Ending Time:</b>	9:30 a.m. - 1:30 p.m. (on-site)
<b>Date of Last Visit:</b>	8/6/08
<b>Visit Location:</b>	Long Beach
<b>Persons in attendance:</b>	James R. Henderson, Director of Quality Processes, Boeing. Patricia Swinnie, EI Administrative Assistant, Boeing Jim Groom, Learning, Training & Development, Boeing Audrey Holmes, VP/COO, UAW-LETC Marika Letkova, ETP Coordinator, UAW-LETC Margarita M. Paccereilli, Contract Analyst, ETP
<b>Action Required:</b>	Yes

## CONTRACT INFORMATION:

<b>Term of Agreement:</b>	02/06/07 – 02/05/09	<b>Agreement Amount:</b>	\$378,000
<b>Training Start Date:</b>	02/06/07	<b>No. to Retain:</b>	500
<b>Date Training must be Completed:</b>	11/05/08	<b>Range of Hours:</b>	24 - 200
<b>Type of Trainee:</b>	Retrainee	<b>Weighted Ave. Hours:</b>	42

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## **FINAL REPORT SUMMARY**

A final monitoring visit was conducted at the Boeing facility on March 26, 2009. A month prior to this visit, Ms. Pacerelli was informed that the Boeing Learning Management System (BLMS) had been replaced by a new system, Learning, Training & Development (LTD) System. The Analyst informed your staff that ETP should have been informed of this change and the new system needs to be reviewed to determine if it meets ETP requirements. Your project staff assured the Analyst that the new LTD system can generate all the reports that were retrieved from the BLMS.

During the visit, Ms. Pacerelli sampled records of 22 trainees who completed the training and retention in this Agreement. Ms. Swinnie provided the Analyst a report titled "Education and Training Report". This report listed all training (ETP and non-ETP) received by each trainee. Ms. Swinnie was unable to generate a report of ETP classes only. With the reports provided, the Analyst was able to verify training dates, total hours, and course topics as posted on the ETP Online System, except for one trainee (Mike Bruner). There was one training date that was posted online for Mr. Bruner, but this class was not listed on the report generated by the new LTD system.

Ms. Swinnie was also unable to provide the Analyst specific class rosters to verify trainer-to-trainee ratio, training location, name of trainer(s) in each class. As a result, the Analyst was unable to closeout the contract during the on-site final visit. She gave your project staff an opportunity to go over the new system with your Information Technology staff, generate reports required by ETP, and provided documentation to validate the training hours entered in the ETP online system.

On April 22, 2009, additional documentation was provided to ETP and a desk review was conducted by the Analyst. Your administrative subcontractor, UAW, also submitted an Excel spreadsheet as a secondary documentation for the missing hours for Mr. Bruner, claiming that the BLMS data was downloaded to an Excel spreadsheet, which was then uploaded to the ETP Online System. Unfortunately, the Excel spreadsheet cannot be accepted as a secondary documentation. To justify the training hours entered online, ETP requires actual reports generated by your LTD system.

The Agreement Terms & Conditions, Item 5 (a.1.) states that Contractor shall ensure that ETP or its representative, including the Bureau of State Audits, has the right during normal business hours to (1) examine, reproduce, monitor and audit all other records, books, papers, documents or other evidence directly related to the performance of this Agreement by the Contractor, including any subcontract. It further stated that records must be retained within the control of the primary Contractor and be available for review at the Contractor's place of business within the State of California. This right will terminate no sooner than four (4) years from the date of termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or three (3) years from the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

Since your staff was unable to provide the reports and documentation requested by the Analyst to justify the provision of training outlined in this Agreement, your company is out of compliance and therefore, none of the training hours entered online are eligible for reimbursement.

Given the fact that the Analyst had previously reviewed and validated some training hours based on a sampling of your records, ETP will allow 50% reimbursement of the total training hours completed by your company.

Since your company has received ETP reimbursement totaling \$378,000, this will serve as a notice that you are on an overpayment situation as shown below:

TOTAL HOURS	FIXED FEE RATE	TOTAL REIMBURSEABLE AMOUNT
20, 999.43	\$18	\$377,989.74
Allowable Reimbursement (50%)		<b>\$188,994.87</b>
Paid to Date		(378,000.00)
<b>Overpayment</b>		<b>\$189,005.13</b>

This information was discussed with Mr. Henderson on May 21, 2009 via telephone. He informed the Analyst that the new LTD system has the capability of retrieving the reports that ETP requested. He stated that Ms. Swinnie does not have the authority to retrieve that information in the new system and only managers are able to access those reports. He said that he will be able to provide those reports to ETP. The Analyst gave him until **June 22, 2009** to provide the LMS reports to support the training provided in this Agreement. The report should also include the instructor's name, training location, and the trainer-to-trainee ratio for each class.

The Analyst also requested that Mr. Henderson submit the Individual Trainee Report for Mike Bruner. The Individual Trainee Report provided by your staff for this trainee did not list a class dated September 24, 2008 which was posted on the ETP Online System. Mr. Henderson agreed to submit this information to ETP by **June 22, 2009**.

Mr. Henderson was advised that if we do not receive the requested reports by June 22, 2009, we will assume that you are agreeable to ETP's decision of 50% reimbursement. Therefore, we will refer this matter to our Fiscal Unit who will be sending you an overpayment letter with applicable interests.

### **AUDIT**

You will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk review. These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor along with the Audit Notification and Audit Confirmation letters.

To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

If you have any questions or comments regarding this report, please contact Margarita Paccereilli at (818) 755-1317 or by email at [mpaccereilli@etp.ca.gov](mailto:mpaccereilli@etp.ca.gov) within ten (10) working days from the receipt of this report.

Sincerely,

**Signature on file**

Wally Aguilar, Program Manager  
North Hollywood Regional Office

**Signature on file**

Margarita M. Paccereilli, Contract Analyst  
North Hollywood Regional Office

cc: James Henderson, The Boeing Company (via email)  
Dave Guzman, Chief, Audits & Program Operations Division (via email)  
Kulbir Mayall, Fiscal Manager (via email)  
Master File  
Project File

Date report mailed to Contractor: 6/3/09